



Ottawa Canada K1A 0J9

August 15, 2021

Mr. Scott Duvall, M.P.  
Hamilton Mountain  
Mr. Matthew Green, M.P.  
Hamilton Centre  
Mr. Daniel Blaikie, M.P.  
Elmwood–Transcona  
Mr. Jack Harris, M.P.  
St. John's East  
House of Commons  
Ottawa ON K1A 0A6

Dear Mr. Duvall, Mr. Green, Mr. Blaikie and Mr. Harris:

I am responding to your letter of August 12, 2021, which was also addressed to my colleagues, the Honourable Carla Qualtrough, Minister of Employment, Workforce Development and Disability Inclusion, and the Honourable Diane Lebouthillier, Minister of National Revenue. You wrote to share your concerns about the impact of pandemic-related benefits on Guaranteed Income Supplement (GIS) recipients.

As you may know, the benefits under the Old Age Security (OAS) program include the GIS, which is paid to OAS pensioners with little or no income other than this pension. An individual's GIS entitlement is recalculated at the beginning of each payment cycle, which runs from July to June, based on the previous year's income. For example, income for 2020 was used to calculate benefits for the payment period that started in July 2021.

Every year, thousands of seniors have their GIS increased or decreased to reflect changes in their net income. This approach ensures the benefits go to the most vulnerable seniors. Each July, all existing GIS recipients and newly eligible individuals are notified in writing of their GIS entitlement for the upcoming payment period. As GIS benefits are calculated on the basis of the previous year's income, any change in income in a given year will result in an adjustment of GIS benefits in the following payment period. This adjustment may result in a loss of entitlement should the person's income (or joint income, where applicable) exceeds the threshold at which GIS benefits are completely phased out. This would affect any GIS recipient who has experienced a change in income from the previous year.

The *Old Age Security Act* stipulates that any income considered "net income" under the *Income Tax Act* be used to calculate entitlement to the GIS. Pandemic-related benefits,

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such as the Canada Emergency Response Benefit (CERB), which is administered by Service Canada and the Canada Revenue Agency, and the Canada Recovery Benefit are considered taxable income. These benefits are therefore considered income for GIS purposes.

GIS benefits are generally reduced by \$1 for every \$2 of net income, as defined under the *Income Tax Act*. This means seniors on GIS who also received the CERB or the Canada Recovery Benefit would have received more over both 2020 and 2021 than if they had only received the GIS.

In limited circumstances, where there is a reduction in certain pension income year over year, such as a loss of certain pension income, a senior on GIS can request that their benefit be calculated based upon their estimated income for the current calendar year rather than their actual income from the previous calendar year. This is known as the "option provision". Depending on the amount of "option" requests received and their complexity, it is estimated that these requests may take 12 months or more to process. Requests are processed on a case-by-case basis, and given the many different circumstances of GIS recipients, in many cases will not result in a reinstatement or adjustment to the client's payment amount.

"Option" requests for the loss of pandemic benefits are not permitted under the OAS regulations, except for Employment Insurance, which is considered pension income under these regulations. Only CERB benefits delivered by Service Canada were legally constituted as Employment Insurance, they fall under the entitlement for an "option" request under the OAS regulations. That is the case only for CERB benefits delivered by Service Canada.

The Government of Canada is strengthening Canada's retirement income system. Starting the week of August 16, 2021, we will be providing a one-time \$500 payment to OAS pensioners born on or before June 30, 1947, as short-term support before the OAS is increased by 10 percent for seniors aged 75 and over in July 2022. Last year we provided one-time payments worth over \$1,500 for a low-income senior couple.

I hope that this information proves helpful in addressing your concerns. Thank you for taking the time to write, and please accept my best wishes.

Yours sincerely,



The Honourable Deb Schulte, P.C., M.P.  
Minister of Seniors